

THE SEAL BEACH VICTIMS' FUND DECLARATION OF TRUST

ARTICLE 1: CREATION OF TRUST

- 1.1 **Parties.** This Declaration of Trust (this "**Declaration**") is made by Judy Watson, a resident of Seal Beach, in Orange County, California, as both the settlor ("**Settlor**") and initial trustee ("**Trustee**"). Settlor hereby transfers and assigns to Trustee certain property (the "**trust estate**"), in Trust, to be held, administered, and distributed as provided in this Declaration.
- 1.2 **Names of Trust.** The Trust created by this Declaration will be known as THE SEAL BEACH VICTIMS' FUND TRUST (herein, the or this "**Trust**").
- 1.3 **Effective Date.** This Declaration will be effective as of October 13, 2011.
- 1.4 **Donations.** One of the key intentions in creating this Trust is to use it for the purpose of accepting, collecting, and distributing donations from private and public sources for the benefit of the victims of a mass killing that occurred on October 12, 2011 at Salon Meritage in Seal Beach, California. For the deceased victims, the trust estate is to be used for the benefit of their surviving immediate family members (spouse, domestic partner, children, and/or parents). If there exists other victims or dependents of the victims (e.g., that are not a spouse, domestic partner, etc., of the victim), Trustee has the discretion to determine whether any aid should be distributed to such victim or dependent, how much, in what form, and at what times may be appropriate in the sole and absolute discretion of the Trustee.
- 1.5 **Identity of Victims and Families.** The family names of the victims are: Fannin, Fournier, Caouette, Buzzo, Kondas, Webb, Wilson, Fast, and Stretz. If for any reason this list is incorrect or incomplete, the committee of co-Trustees has the power to make corrections or additions to this list.

ARTICLE 2: TRUST ESTATE

- 2.1 **Definition of Trust Estate.** All property, assets and funds subject to this Declaration from time to time are referred to as the "**trust estate**" and will be held, administered, and distributed as provided in this Declaration. Trustee will hold, administer, and distribute the property and assets that may become subject to this Trust, and the income and proceeds attributable to all such assets in the trust estate, in accordance with the provisions of this Declaration.
- 2.2 **Additions to Trust.** From time to time, Trustee may accept additions to this Trust from any source. All such additions will become part of the trust estate and will be held, administered, and distributed in accordance with the terms of this Declaration. Such additions will become part of the trust estate on acceptance of such items by Trustee. Any additions to the Trust may be made by designating in writing the assets to be added. However, the titling of any account, deed, or similar ownership document in the name of Trustee, as Trustee of this Trust, or any alternate or successor Trustee acting under this Declaration, or in the name of this Trust, will be deemed to be a transfer to this Trust, which may be accepted at the option of Trustee. Any designation by a third party, whether by will, deed, account title designation, or similar transfer, will also be a transfer to the trust estate, at the option of Trustee.

ARTICLE 3: RIGHTS AND POWERS OF SETTLOR

- 3.1 **Irrevocability of Trust.** This Trust is irrevocable. It may not be revoked or terminated, in whole or in part, by Settlor; however, it may be amended or supplemented by Settlor provided that such amendment or supplement has the purpose and effect of carrying out the charitable intentions specified in this Declaration, and provided that such amendment or supplement is approved by a majority of the persons then acting as co-Trustees of this Trust.
- 3.2 **Limitation on Powers of Settlor.** Notwithstanding any other provision of this Declaration, Settlor will not have:
- (a) any right to the possession or enjoyment of the principal or income of the trust estate, or any part of the trust estate, or any right, either alone or in conjunction with any other person, to designate the persons who will possess or enjoy the principal or income of the trust estate, or any part of the trust estate, as those terms are used in Internal Revenue Code Section 2036;
 - (b) any power or discretion in any capacity whatsoever, either alone or in conjunction with any other person, to alter, amend, revoke, or terminate the enjoyment of the trust estate, as those terms are used in Internal Revenue Code Section 2038;
 - (c) any power that would constitute a general power of appointment, as defined in Internal Revenue Code Section 2041;
 - (d) any power or discretion that would cause the trust estate, or any part of the trust estate, to be included in the gross estate of Settlor under any provisions of the Internal Revenue Code, as amended.

ARTICLE 4: ADMINISTRATION OF THE TRUST

- 4.1 **Trustee Discretion.** It is intended by Settlor that the committee of co-Trustees (described below in Section 5.1) will have the power and discretion, by majority vote, to make the final determinations (within the parameters described in Section 1.4 above) as to who will benefit from this Trust, how much such persons will benefit, and the manner in which the benefits will be provided. For example, the trust estate could be used to help pay for the funeral and/or burial/cremation expenses of the deceased victims, the medical expenses of the surviving victim(s), and the general welfare of the families and dependents of the victims. There is no requirement that the benefits be equal among the beneficiaries or that all of the persons who qualify as beneficiaries should receive any benefits. It is within the sole and absolute discretion of the committee of Trustees to make such determinations. No one who might qualify as a beneficiary will have any expectations, rights, demands, or claims to any portion of the trust estate. To the extent that the committee of Trustees needs any guidance in administering this Trust, it is suggested by Settlor that a key factor should be the individual needs of each beneficiary, i.e., the beneficiaries that need the most help should get the most help, and vice-versa.
- 4.2 **Distributions.** The distributions made from this Trust to or for the benefit of the beneficiaries may be made in any manner and at any time deemed appropriate by the committee of Trustees. For example, the distributions can be made in cash payments to the beneficiaries, or directly to other parties providing services to or for the beneficiaries, e.g., to the funeral home, cemetery or cremation facility, or to hospital and other medical service providers.

- 4.3 **Time Frame.** It is expected that this Trust will distribute all of the trust estate as soon as reasonably possible, as determined by the committee of Trustees. This Trust is not intended to remain in existence for any lengthy period of time. If the committee of Trustees deems it appropriate to create some form of long-term benefits for any minor beneficiaries, it is suggested that this should be done in the form of a custodial account or some other method that avoids maintaining this Trust in existence for any period longer than necessary.
- 4.4 **Spendthrift Clause.** The interests of the beneficiaries under this Declaration are not transferable by voluntary or involuntary assignment or by operation of law, and will be free from the claims of creditors and from attachment, execution, bankruptcy, and other legal process, to the maximum extent permitted by law. If any such transfer is made or attempted by or against any beneficiary, all further Trust payments of income or principal or both to that beneficiary (and any right of that beneficiary to such payments) will be suspended for a period of time or indefinitely (but in no case for longer than the term of the Trust), or terminated, as the committee of Trustees determines in its collective sole and absolute discretion. In lieu of payments to that beneficiary, the committee of Trustees may apply so much of the Trust income or principal or both to which the beneficiary would otherwise be entitled as Trustee deems necessary. All Trust income (to which the beneficiary would otherwise be entitled) not so applied will in the sole and absolute discretion of Trustee be accumulated and added to Trust principal at such time or times as Trustee deems proper.

ARTICLE 5: TRUSTEES

- 5.1 **Committee of Trustees.** Settlor is acting as the temporary sole Trustee of this Trust at the time of its formation. The following individuals have volunteered to become co-Trustees of this Trust, and will be the initial committee of co-Trustees mentioned in this Declaration: **Judy Watson, Seth Eaker, Linda Devine, Debra Machen, and Laura Ellsworth.** Settlor will initially determine the appropriate number of persons to serve on the committee of Trustees. After Settlor resigns as a Trustee, the committee of Trustees will thereafter have the power, by majority vote, to determine the appropriate number of positions on the committee of Trustees, and to appoint any successor co-Trustees or additional co-Trustees. In the event that any co-Trustee is no longer able to continue serving as such, or in the event that any co-Trustee is involuntarily removed as such, the committee will have the power to appoint a successor co-Trustee by majority vote of the remaining co-Trustees.
- 5.2 **Definition of Trustee.** Reference in this Declaration to "Trustee" will be deemed a reference to whoever is serving as Trustee or co-Trustee or to the committee of Trustees, and will include alternate or successor Trustees or co-Trustees, unless the context requires otherwise.
- 5.3 **Judicial Removal and Replacement of Trustee for Cause.** Any co-Trustee serving under this Declaration may be removed as co-Trustee at any time by court order on petition by Settlor or any co-Trustee for any of the following grounds:
- (a) commission of a breach of trust.;
 - (b) insolvency or other unfitness to administer the Trust;
 - (c) hostility or lack of cooperation among the co-Trustees that impairs the administration of the Trust;

- (d) failure or refusal to act;
- (e) other good cause, as determined by the court.

If a vacancy occurs on the committee of Trustees due to the preceding removal procedure, a successor will be designated by majority vote of the remaining co-Trustees.

- 5.4 **Waiver of Bond.** No bond or undertaking will be required of any individual or entity to become or continue to serve as a Trustee or co-Trustee under this instrument.
- 5.5 **Compensation of Trustees.** No person or entity who becomes a co-Trustee of this Trust will be entitled to any compensation in any form or degree for doing so. Serving as a co-Trustee is a completely voluntary and charitable undertaking, and there should be no expectation of compensation for doing so. Nevertheless, reasonable and necessary expenses incurred by any Trustee will be reimbursable or payable directly from the trust estate.
- 5.6 **Procedure for Resignation.** Any Trustee or co-Trustee may resign at any time, without giving a reason for the resignation, by giving written notice, preferably at least 30 calendar days before the time the resignation is to take effect, to any other co-Trustee then acting and/or to any persons authorized to designate a successor Trustee. A resignation will be effective on the earlier of (a) receipt by the resigning Trustee of a signed, written acceptance by the successor Trustee or (b) expiration of the 30 day notice period.
- 5.7 **General Powers of Trustee.** To carry out the purposes of the trusts created under this Declaration, and subject to any limitations stated elsewhere in this Declaration, Trustee will have all of the following powers, in addition to all of the powers now or hereafter conferred on trustees by law:
 - (a) with or without court authorization, sell (for cash or on deferred payments, and with or without security), convey, exchange, partition, and divide trust estate; grant options for the sale or exchange of trust estate for any purpose, whether the contract is to be performed or the option is to be exercised within or beyond the term of the Trust; and lease trust estate for any purpose, for terms within or extending beyond the expiration of the Trust, regardless of whether the leased estate is commercial or residential and regardless of the number of units leased;
 - (b) manage, control, improve, and maintain all real and personal Trust property;
 - (c) employ and discharge agents and employees, including but not limited to attorneys, accountants, investment and other advisers, custodians of assets, to advise and assist Trustee in the management of this Trust. Trustee is entitled to rely on the advice of any professional advisers employed under this provision;
 - (d) with respect to securities held in trust, exercise all the rights, powers, and privileges of an owner, including, but not limited to, the power to vote, give proxies, and pay assessments and other sums deemed by Trustee necessary for the protection of the trust estate; participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, and liquidations, and, in connection therewith, deposit securities with and transfer title to any protective or other committee under such terms as Trustee deems advisable; exercise or sell stock subscription or conversion rights; and accept and retain as investments of the Trust any securities or other estate received through the exercise of any of the foregoing powers;

- (e) deposit securities in a securities depository that is either licensed or exempt from licensing;
- (f) procure and carry, at the expense of the Trust, insurance in such forms and in such amounts as Trustee deems advisable to protect the trust estate against damage or loss, and to protect Trustee against liability with respect to third persons;
- (g) enforce any obligation owing to the Trust;
- (h) to abandon any unproductive or wasted Trust asset or interest therein;
- (i) extend the time for payment of any note or other obligation held as an asset of, and owing to, the Trust, including accrued or future interest, and extend the time for repayment beyond the term of the Trust;
- (j) pay or contest any claim against the Trust; release or prosecute any claim in favor of the Trust; or, in lieu of payment, contest, release, or prosecution, adjust, compromise, or settle any such claim, in whole or in part, and with or without consideration; and,
- (k) at Trust expense, prosecute or defend actions, claims, or proceedings of whatever kind for the protection of the trust estate and of Trustee in the performance of Trustee's duties, and employ and compensate attorneys, advisers, and other agents as Trustee deems advisable.

- 5.8 **Power to Retain Trust Property.** Trustee will have the power to retain assets received into the Trust at its inception or later added to the Trust, without regard to whether the Trust investments are diversified, until, in the judgment of Trustee, disposition of the estate should be made.
- 5.9 **Trustee's Power to Invest Trust Property.** Trustee will maintain the trust estate in as liquid a form as possible, i.e., cash in bank accounts, etc. Trustee will attempt to convert illiquid assets into liquid assets as soon as reasonably possible.
- 5.10 **Power Over Unproductive Property.** Trustee will not have the power to retain or acquire unproductive or underproductive assets.
- 5.11 **Payments to Legally Incapacitated Persons.** If at any time any Trust beneficiary is a minor, or it appears to Trustee that any Trust beneficiary is incapacitated, incompetent, or for any other reason not able to receive payments or make intelligent or responsible use of the payments, then Trustee, in lieu of making direct payments to the Trust beneficiary, may make payments to the beneficiary's conservator or guardian; to the beneficiary's custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state; to one or more suitable persons as Trustee deems proper, such as a relative of or a person residing with the beneficiary, to be used for the beneficiary's benefit; to any other person, firm, or agency for services rendered or to be rendered for the beneficiary's assistance or benefit; or to accounts in the beneficiary's name with financial institutions. The receipt of payments by any of the foregoing will constitute a sufficient acquittance of Trustee for all purposes.
- 5.12 **Grant of Specific Powers Not to Limit Exercise of General Powers.** The enumeration of specific powers under this Declaration will not limit Trustee from exercising any other power with respect to any trusts created by this Declaration that may be necessary or appropriate for Trustee to have and exercise in order to carry out the purposes of the trusts or to permit Trustee to fulfill Trustee's responsibilities and duties with respect to the Trust.

5.13 Trustee's Liability.

- (a) No Trustee will be liable to any interested party for acts or omissions of that Trustee, except those resulting from that Trustee's unpermitted self-dealing, willful misconduct or gross negligence. This standard will also apply regarding a Trustee's liability for the acts or omissions of any co-Trustee, predecessor Trustee, or agent employed by Trustee.
- (b) A successor Trustee hereunder will not be liable for acts or omissions of any predecessor Trustee. No successor Trustee will be required to:
 - (1) investigate the administration of the Trust by any predecessor Trustee;
 - (2) request an accounting or to audit an accounting prepared by a predecessor Trustee; or
 - (3) initiate any action or proceeding against a predecessor Trustee to redress a breach of Trust by the predecessor Trustee.
- (c) No Trustee or successor Trustee will be liable to any interested party for disclosing information about the Trust to any other interested party, whether such disclosure is voluntary or involuntary, permissive or mandatory, and whether the Trust is revocable or irrevocable at such time. In any situation where a Trustee or successor Trustee becomes aware of changes to the Trust document or other matters affecting the Trust, whether proposed or accomplished, which matters are or might be the product of undue influence, suspicious behavior, or an abusive situation, it is expected that such Trustee will disclose such information to all interested parties (including all current and contingent beneficiaries of income and/or principal, and all remainder parties, under the Trust prior to such change and/or matters) and take such other actions and precautions as might be reasonable or appropriate under the circumstances; and, such Trustee will not be held liable to or by anyone for doing so.

5.14 Duty to Account. Trustee will render accounts at least annually, and at the termination of the Trust, to the persons and in the manner required by law.

5.15 Self-Dealing. Except as may be permitted by order of a court of appropriate jurisdiction or by majority vote of the other co-Trustees:

- (a) Any Trustee may not engage in any act of self-dealing, regardless of whether the transaction is at fair market value, beneficial to the Trust, approved by the beneficiaries, or otherwise;
- (b) Trustee is not to receive a commission or other remuneration, directly or indirectly, on any transactions of the Trust;
- (c) Trustee is not to engage in business (whether for goods or services) on behalf of the Trust with any person or entity with which the Trustee is related or affiliated in any manner; and
- (d) other than receiving reasonable expense reimbursement for appropriate expenses actually incurred as a Trustee, Trustee is not to profit or be enriched, directly or indirectly, in any other manner from any activities of the Trust.

ARTICLE 6: CONCLUDING PROVISIONS

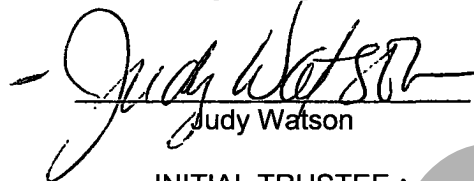
6.1 Severability Clause. If any provision of this Declaration is invalid, and cannot be

reformed or construed in a manner that would make it valid, the that provision will be disregarded, and the remainder of this Declaration will be construed as if the invalid provision had not been included.

- 6.2 **California Law and Courts.** All questions concerning the validity, interpretation, and administration of this Declaration will be governed solely by the laws of the State of California, regardless of the domicile of any Trustee or beneficiary, regardless of the situs of any assets of the trust estate, and without giving effect to the principles of conflict of laws. Any and all legal actions initiated with respect to this Trust must be brought only in the state courts located in Orange, California.

Executed on October 13, 2011, in the City of Seal Beach, in Orange County, California.

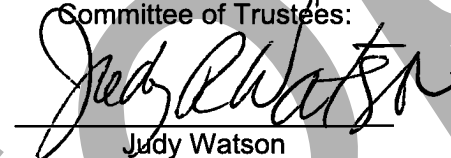
SETTLOR


Judy Watson

INITIAL TRUSTEE


Judy Watson

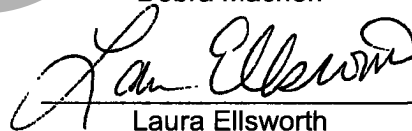
Acceptance and Agreement by
Committee of Trustees:


Judy Watson


Seth Eaker


Linda Devine


Debra Machen


Laura Ellsworth